

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* RANSOM	County* HILLSDALE	Type* TOWNSHIP	MuniCode* 30-1-120
Opinion Date-Use Calendar* 9-5-08	Audit Submitted-Use Calendar* 9-26-08	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 110,685.05
General Fund Expenditure:	<input type="checkbox"/> \$ 96,415.02
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 52,730.14
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* MARK	Last Name* CAMPBELL	Ten Digit License Number* 1101007803		
CPA Street Address* 512 N. LINCOLN, STE 100	City* BAY CITY	State* MI	Zip Code* 48708	Telephone* +1 (989) 894-1040
CPA Firm Name* CAMPBELL, KUSTERER	Unit's Street Address* 10040 PITTSFORD RD	Unit's City* PITTSFORD	Unit's Zip* 49271	

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

September 5, 2008

To the Township Board
Township of Ransom
Hillsdale County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Ransom, Hillsdale County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Ransom's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Ransom, Hillsdale County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of Ransom covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$86,015.45 for governmental activities. Overall total capital assets remained the same.

Overall revenues were \$112,495.91. Governmental activities had a \$15,640.89 increase in net assets.

We did not incur any debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, the Cemetery Perpetual Care Fund, and the Cemetery Building and Site Fund.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan
CONDENSED FINANCIAL INFORMATION
For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	71 015
Capital Assets	<u>15 000</u>
Total Assets	<u>86 015</u>
Current Liabilities	-
Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
Net Assets:	
Invested in Capital Assets	15 000
Reserved	18 285
Unrestricted	<u>52 730</u>
Total Net Assets	<u><u>86 015</u></u>

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:	
Fees and Charges for Services	21 563
General Revenues:	
Property Taxes	18 737
State Revenue Sharing	70 598
Interest	913
Miscellaneous	<u>685</u>
Total Revenues	<u>112 496</u>
Program Expenses:	
Legislative	2 340
General Government	41 958
Public Safety	10 450
Public Works	32 797
Other	<u>9 310</u>
Total Expenses	<u>96 855</u>
Increase in Net Assets	15 641
Net Assets, April 1	<u>70 374</u>
Net Assets, March 31	<u><u>86 015</u></u>

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Cemetery Perpetual Care Fund, and the Cemetery Building and Site Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$96,415.02.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets this year.

The Township has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Treasurer, Theodore Kneebush, at (517)567-8507.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	68 343 30
Taxes receivable	<u>2 672 15</u>
Total Current Assets	<u>71 015 45</u>
NON-CURRENT ASSETS:	
Capital Assets	17 700 00
Less: Accumulated Depreciation	<u>(2 700 00)</u>
Total Non-current Assets	<u>15 000 00</u>
TOTAL ASSETS	<u><u>86 015 45</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	15 000 00
Reserved for cemetery care	18 285 31
Unrestricted	<u>52 730 14</u>
Total Net Assets	<u>86 015 45</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>86 015 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	2 340 00	-	(2 340 00)
General government	41 958 03	8 050 49	(33 907 54)
Public safety	10 450 00	500 00	(9 950 00)
Public works	32 796 57	13 012 75	(19 783 82)
Other	<u>9 310 42</u>	<u>-</u>	<u>(9 310 42)</u>
Total Governmental Activities	<u><u>96 855 02</u></u>	<u><u>21 563 24</u></u>	<u><u>(75 291 78)</u></u>
General Revenues:			
Property taxes			18 737 40
State revenue sharing			70 597 48
Interest			912 79
Miscellaneous			<u>685 00</u>
Total General Revenues			<u>90 932 67</u>
Change in net assets			15 640 89
Net assets, beginning of year			<u>70 374 56</u>
Net Assets, End of Year			<u><u>86 015 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2008

	<u>General</u>	<u>Cemetery Perpetual Care</u>	<u>Other Funds (Cemetery Building & Site)</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	48 564 32	16 529 77	1 755 54	66 849 63
Taxes receivable	2 672 15	-	-	2 672 15
Due from other funds	<u>1 493 67</u>	<u>-</u>	<u>-</u>	<u>1 493 67</u>
Total Assets	<u><u>52 730 14</u></u>	<u><u>16 529 77</u></u>	<u><u>1 755 54</u></u>	<u><u>71 015 45</u></u>
<u>Liabilities and Fund Balances</u>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Fund balances:				
Reserved for cemetery care	-	16 529 77	1 755 54	18 285 31
Unreserved:				
Undesignated	<u>52 730 14</u>	<u>-</u>	<u>-</u>	<u>52 730 14</u>
Total fund equity	<u><u>52 730 14</u></u>	<u><u>16 529 77</u></u>	<u><u>1 755 54</u></u>	<u><u>71 015 45</u></u>
Total Liabilities and Fund Equity	<u><u>52 730 14</u></u>	<u><u>16 529 77</u></u>	<u><u>1 755 54</u></u>	<u><u>71 015 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	71 015 45
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	17 700 00
Accumulated depreciation	<u>(2 700 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>86 015 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2008

	<u>General</u>	<u>Cemetery Perpetual Care</u>	<u>Other Funds (Cemetery Building & Site)</u>	<u>Total</u>
Revenues:				
Property taxes	18 737 40	-	-	18 737 40
State revenue sharing	70 597 48	-	-	70 597 48
Charges for services:				
Property tax administration	6 900 49	-	-	6 900 49
Transfer station	13 012 75	-	-	13 012 75
Other	500 00	-	1 150 00	1 650 00
Interest	251 93	660 86	-	912 79
Miscellaneous	<u>685 00</u>	<u>-</u>	<u>-</u>	<u>685 00</u>
Total revenues	<u>110 685 05</u>	<u>660 86</u>	<u>1 150 00</u>	<u>112 495 91</u>
Expenditures:				
Legislative:				
Township Board	2 340 00	-	-	2 340 00
General government:				
Supervisor	2 957 28	-	-	2 957 28
Assessor	6 878 19	-	-	6 878 19
Elections	359 94	-	-	359 94
Clerk	5 774 55	-	-	5 774 55
Board of Review	825 00	-	-	825 00
Treasurer	7 611 63	-	-	7 611 63
Building and grounds	1 810 10	-	-	1 810 10
Cemetery	13 716 26	320 00	120 00	14 156 26
Unallocated	1 585 08	-	-	1 585 08
Public safety:				
Fire protection	10 450 00	-	-	10 450 00
Public works:				
Drains	1 988 85	-	-	1 988 85
Highways and streets	12 110 00	-	-	12 110 00
Street lighting	519 07	-	-	519 07
Sanitation	18 178 65	-	-	18 178 65
Other:				
Insurance	8 073 00	-	-	8 073 00
Payroll taxes	<u>1 237 42</u>	<u>-</u>	<u>-</u>	<u>1 237 42</u>
Total expenditures	<u>96 415 02</u>	<u>320 00</u>	<u>120 00</u>	<u>96 855 02</u>
Excess (deficiency) of revenues over expenditures	14 270 03	340 86	1 030 00	15 640 89
Fund balances, April 1	<u>38 460 11</u>	<u>16 188 91</u>	<u>725 54</u>	<u>55 374 56</u>
Fund Balances, March 31	<u><u>52 730 14</u></u>	<u><u>16 529 77</u></u>	<u><u>1 755 54</u></u>	<u><u>71 015 45</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 15 640 89

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense
Capital Outlay

-

-

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

15 640 89

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Ransom, Hillsdale County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Ransom. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Permanent Fund

The Cemetery Perpetual Care Fund and the Cemetery Building and Site Fund are used to account for assets that are legally restricted.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was .7858 mills, and the taxable value was \$23,938,078.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$500.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	50 years
Equipment	3-5 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>68 343 30</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	101 755 54
Uninsured and Uncollateralized	<u>47 966 98</u>
Total Deposits	<u>149 722 52</u>

The Township did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2008

Note 3 – Deposits and Investments (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	<u>Additions</u>	<u>Deletions</u>	Balance 3/31/08
<u>Governmental Activities:</u>				
Land	15 000 00			15 000 00
Building	1 000 00	-	-	1 000 00
Equipment	1 700 00	-	-	1 700 00
Total	17 700 00	-	-	17 700 00
Accumulated Depreciation	(2 700 00)	-	-	(2 700 00)
Net Capital Assets	<u>15 000 00</u>	<u>-</u>	<u>-</u>	<u>15 000 00</u>

Note 5 – Pension Plan

The Township does not have a pension plan.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Ransom does not issue building permits. Building permits are issued by the County of Hillsdale.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	1 493 67	Current Tax Collection	1 493 67
Total	<u>1 493 67</u>	Total	<u>1 493 67</u>

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	17 450 00	17 450 00	18 737 40	1 287 40
State revenue sharing	67 000 00	67 000 00	70 597 48	3 597 48
Charges for services:				
Property tax administration	4 600 00	4 600 00	6 900 49	2 300 49
Transfer station	12 500 00	12 500 00	13 012 75	512 75
Other	-	-	500 00	500 00
Interest	50 00	50 00	251 93	201 93
Miscellaneous	1 831 00	1 831 00	685 00	(1 146 00)
Total revenues	<u>103 431 00</u>	<u>103 431 00</u>	<u>110 685 05</u>	<u>7 254 05</u>
Expenditures:				
Legislative:				
Township Board	2 590 00	5 180 00	2 340 00	(2 840 00)
General government:				
Supervisor	3 030 00	6 130 00	2 957 28	(3 172 72)
Assessor	7 625 00	15 360 00	6 878 19	(8 481 81)
Elections	1 010 00	2 020 00	359 94	(1 660 06)
Clerk	5 985 00	11 970 00	5 774 55	(6 195 45)
Board of Review	1 575 00	1 575 00	825 00	(750 00)
Treasurer	7 885 00	15 775 00	7 611 63	(8 163 37)
Building and grounds	3 300 00	6 620 00	1 810 10	(4 809 90)
Cemetery	15 250 00	30 500 00	13 716 26	(16 783 74)
Unallocated	8 775 00	10 111 00	1 585 08	(8 525 92)
Public safety:				
Fire protection	9 500 00	20 450 00	10 450 00	(10 000 00)
Public works:				
Drains	2 000 00	2 000 00	1 988 85	(11 15)
Highways and streets	22 150 00	34 300 00	12 110 00	(22 190 00)
Street lighting	650 00	650 00	519 07	(130 93)
Sanitation	20 875 00	41 762 00	18 178 65	(23 583 35)
Other:				
Insurance	8 500 00	8 500 00	8 073 00	(427 00)
Payroll taxes	1 350 00	1 350 00	1 237 42	(112 58)
Total expenditures	<u>122 050 00</u>	<u>214 253 00</u>	<u>96 415 02</u>	<u>(117 837 98)</u>
Excess (deficiency) of revenues over expenditures	(18 619 00)	(110 822 00)	14 270 03	125 092 03
Fund balance, April 1	<u>18 619 00</u>	<u>110 822 00</u>	<u>38 460 11</u>	<u>(72 361 89)</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>52 730 14</u>	<u>52 730 14</u>

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2008

Township Board:	
Fees and per diem	2 100 00
Miscellaneous	<u>240 00</u>
	<u>2 340 00</u>
Supervisor:	
Salary	2 400 00
Miscellaneous	<u>557 28</u>
	<u>2 957 28</u>
Assessor:	
Contracted services	4 898 88
Supplies	1 471 61
Miscellaneous	<u>507 70</u>
	<u>6 878 19</u>
Elections	<u>359 94</u>
Clerk:	
Salary	4 500 00
Miscellaneous	<u>1 274 55</u>
	<u>5 774 55</u>
Board of Review	<u>825 00</u>
Treasurer:	
Salary	5 422 79
Supplies	1 107 44
Miscellaneous	<u>1 081 40</u>
	<u>7 611 63</u>
Building and grounds:	
Utilities	1 215 10
Repairs and maintenance	<u>595 00</u>
	<u>1 810 10</u>
Cemetery	<u>13 716 26</u>
Unallocated:	
Memberships and dues	485 08
Miscellaneous	<u>1 100 00</u>
	<u>1 585 08</u>
Fire protection	<u>10 450 00</u>
Drains	<u>1 988 85</u>
Highways and streets:	
Repairs and maintenance	<u>12 110 00</u>
Street lighting	<u>519 07</u>
Sanitation	<u>18 178 65</u>
Insurance	<u>8 073 00</u>
Payroll taxes	<u>1 237 42</u>
Total Expenditures	<u><u>96 415 02</u></u>

TOWNSHIP OF RANSOM
Hillsdale County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>Assets</u>				
Cash in Bank	<u>1 357 84</u>	<u>491 574 03</u>	<u>491 438 20</u>	<u>1 493 67</u>
<u>Liabilities</u>				
Due to other funds	1 357 84	21 574 07	21 438 24	1 493 67
Due to others	<u>-</u>	<u>469 999 96</u>	<u>469 999 96</u>	<u>-</u>
Total Liabilities	<u>1 357 84</u>	<u>491 574 03</u>	<u>491 438 20</u>	<u>1 493 67</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

September 5, 2008

To the Township Board
Township of Ransom
Hillsdale County, Michigan

We have audited the financial statements of the Township of Ransom for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Ransom in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Ransom
Hillsdale County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,


CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants